

SPECIAL AUDIT COMMITTEE

Monday, 29th June, 2009 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Martin (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Ault
Councillor Cassidy
Councillor Robertson
Ms. K.M. McLeod (Independent Member)

613/09 Substitution

It was reported that Councillor Cassidy would replace Councillor Chambers for the duration of the meeting.

614/09 Apologies

Apologies for non-attendance were submitted on behalf of Councillors Sears and Mrs. D. Shires.

615/09 Declarations of Interest

There were no declarations of interest.

616/09 Deputations and Petitions

No deputations were received or petitions submitted.

617/09 Local Government (Access to Information) Act, 1985 (as amended)

There were no items on the agenda to be considered in private session.

Non-Executive Functions

618/09

Financial Statements 2008/09

The Group Accountant (Richard Walley) made a PowerPoint presentation with the aid of slides, a copy of which was handed to Members present at the meeting:-

(see annexed)

He indicated that the draft statement of accounts had to be approved by Committee by 30th June, 2009 and the final version by 30th September, 2009. He explained the UK Generally Accepted Accounting Practice (UKGAAP) and the Statement of Recommended Practice (SORP).

Referring to the 5 key characteristics, he explained the concept of materiality for Members' information.

Councillor Robertson asked who decides on revaluation. Richard Walley replied that the Council's Estates Team carried it out.

Resolved

That the presentation be noted.

619/09

Treasury Management Update - Investments and Risk Management

The Corporate Financial Systems and Treasury Manager (Michael Tomlinson) made a PowerPoint presentation with the aid of slides, a copy of which was handed to Members present at the meeting:-

(see annexed)

He referred to the presentation he had made to the Committee in December, 2008 and reminded Members that Walsall had not been affected by the Icelandic banks situation.

Councillor Cassidy referred to the fact that strongly rated institutions had been adversely affected by the recession. She was pleased to hear that Walsall was not involved with the Icelandic banks but added that the Council had to be even more vigilant in the future.

The Chief Finance Officer (James Walsh) reported that the Icelandic banks were 'Triple A' rated but had still been damaged by the recession. He added that the savings principle had to be balanced against investment to avoid large increases in Council Tax.

Councillor Martin thanked Michael Tomlinson and his team for their work in keeping Walsall's investments safe and it was,

Resolved

That the presentation be noted.

620/09

Statement of Account 2008/09: pre-audit

The report of the Chief Finance Officer was submitted:-

(see annexed)

A number of pages containing corrected figures due to the effects of revaluation, legislation and Governmental changes was handed to Members present at the meeting:-

(see annexed)

The Committee noted the following amendments to the figures contained in the Statement of Accounts:-

Page 10 - Explanation of the statements:-

Collection fund and associated notes (page 80) changed to (page 81)

Trusts and scholarship accounts (page 84) changed to (page 85)

Statement of accounting policies (page 86) changed to (page 87)

Page 11 - Revenue expenditure:-

Deficit changed from £235.861 million to £240.054 million

Page 12 - Reserves and balances:-

Collection fund (see page 80) changed to (see page 81)

Page 30 - Income and expenditure account:-

Education and Children's Services gross expenditure changed from £437.795 million to £441.988 million

Education and Children's Services net expenditure changed from £182.085 million to £186.278 million

Net cost of services gross expenditure changed from £867.642 million to £871.835 million

Net cost of services net expenditure changed from £416.900 million to £421.093 million

Net operating expenditure changed from £483.304 million to £487.497 million

(Surplus) or deficit for the year changed from £235.861 million to £240.054 million

Page 31 - Statement of movement on the general fund balance (SMGFB):-

(Surplus) or deficit from income and expenditure account changed from £235.861 million to £240.054 million

Amounts included in the income and expenditure account but required by statute to be excluded when determining the movement on the general fund balance for the year changed from (£273.297 million) to (£277.490 million)

Page 32 - Note of reconciling items for SMGFB:-

Depreciation and impairment of fixed assets changed from (£234.182 million) to (£238.375 million)

Sub-total for amounts included in the income and expenditure account but required by statute to be excluded when determining the movement on the general fund balance for the year changed from (£273.297 million) to (£277.490 million)

Net additional amount required to be credited to the general fund balance for the year changed from (£234.040 million) to (£238.233 million)

Page 33:-

Net additional amount required to be credited to the general fund balance for the year changed from (£234.040 million) to (£238.233 million)

(Surplus) or deficit from income and expenditure account changed from £235.861 million to £240.054 million

Page 34 - Statement of total recognised gains and losses (STRGL):-

(Surplus) or deficit on the income and expenditure account changed from £235.861 million to £240.054 million

(Surplus) or deficit arising on revaluation of fixed assets changed from (£139.055 million) to (£115.098 million)

Total recognised (gains) and losses for the year changed from £60.536 million to £88.686 million

Page 35 - Balance Sheet - Operational assets:-

Land and buildings changed from £633.902 million to £605.752 million

Total fixed assets changed from £746.555 million to £718.405 million

Page 35 - Balance Sheet - Current assets:-

Cash and bank changed from £4.206 million to £3.039 million

Total current assets changed from £100.800 million to £99.633 million

Total assets changed from £889.652 million to £860.335 million

Page 35 - Balance Sheet - Current liabilities:-

Creditors changed from (£50.157 million) to (£48.990 million)

Total current liabilities changed from (£50.338 million) to (£49.171 million)

Total assets less current liabilities changed from £839.314 million to £811.164 million

Page 36 - Balance Sheet:-

Total assets less liabilities changed from £246.262 million to £218.112 million

Balance Sheet - Capital reserves:-

Capital adjustment account changed from (£309.456 million) to (£305.263 million)

Revaluation reserve changed from (£137.785 million) to (£113.828 million)

Total capital reserves changed from (£459.560 million) to (£431.410 million)

Total net worth changed from (£246.262 million) to (£218.112 million)

Page 37 - Cash flow statement:-

Revenue activities - Cash outflows:-

Other operating costs changed from £324.786 million to £325.953 million

Sub-total changed from £761.944 million to £763.111 million

Revenue activities - Cash inflows:-

Other operating cash receipts and income changed from (£112.369 million) to (£111.369 million)

Cash inflows sub-total changed from (£780.555 million) to (£779.555 million)

Revenue activities net cash flow changed from (£18.611 million) to (£16.444 million)

Net cash (inflow)/outflow before financing changed from £12.146 million to £14.313 million

Page 38 - Cashflow Statement:-

Net cash (inflow)/outflow before financing changed from £12.146 million to £14.313 million

Sub-total Increase/(Decrease) in short term investments changed from (£18.696 million) to (£19.696 million)

Net (increase)/decrease in cash changed from (£5.669 million) to (£4.502 million)

Page 41 - Officers Emoluments:-

Remuneration band	2008/09
£60,000 - £69,999	Changed from 62 to 61
£180,000 - £189,999	Changed from 0 to 1

Page 48 - Movement in fixed assets:-

Movements in 2008/09:-

Revaluations - Land and Buildings changed from £132.872 million to £108.915 million

Total revaluations changed from £132.872 million to £108.915 million

Total movements - Land and Buildings changed from £126.267 million to £102.310 million

Total movements changed from £146.494 million to £122.537 million

Impairment not due to economic consumption - Land and Buildings changed from (£172.775 million) to (£176.968 million)

Total impairment not due to economic consumption changed from (£172.775 million) to (£176.968 million)

Net book value as at 31st March, 2009 - Land and Buildings changed from £633.902 million to £605.752 million

Total net book value as at 31st March, 2009 changed from £713.553 million to £685.403 million

Page 51 - Analysis of fixed assets:-

School houses reduced from 67 to 66 (31st March, 2009)

Libraries reduced from 19 to 18 (31st March, 2009)

Community Centres reduced from 29 to 27 (31st March, 2009)

Page 54 - Operating and finance leases:-

Operating leases:-

Sweepers reduced from 15 to 6 (2007/08)

Trailers increased from 19 to 21 (2007/08)

Grounds maintenance machinery increased from 4 to 16 (2007/08)

Page 56 - Net assets employed:-

Foundation Schools changed from £122.143 million to £93.993 million

Total changed from £514.397 million to £486.247 million

Page 57 - Debtors due within one year, including Bad Debt Provision:-

Government Departments changed from £12.315 million to £14.602 million

Other changed from £26.820 million to £24.533 million

Page 58 - Cash at bank:-

Cash in hand/bank changed from £4.206 million to £3.039 million

Total changed from £4.206 million to £3.039 million

Creditors payable within one year:-

Other changed from (£35.453 million) to (£34.286 million)

Total changed from (£50.157 million) to £48.990 million)

Page 66 - Reconciliation of income and expenditure accounts:-

Net deficit/(surplus) changed from £235.861 million to £240.054 million

Reconciliation of income and expenditure accounts - Add back:-

Non cash items on I&E changed from (£273.786 million) to (£276.979 million)

Items on an accrual basis:-

(Increase)/decrease in revenue creditors changed from £5.960 million to £7.127 million

Revenue activities net cashflow changed from (£18.611 million) to (£16.444 million)

Page 67 - Movement in cash and cash equivalents:-

Cash in hand Movement changed from £1.026 million to (£0.141 million)

Cash in hand total as at 31st March, 2009 changed from £4.206 million to £3.039 million

Net cash outflow movement changed from (£14.027 million) to (£15.194 million)

Net cash outflow total as at 31st March, 2009 changed from £55.690 million to £54.523 million

Page 68 - Analysis of changes in net debt:-

Cash or cash equivalents - Movements in cash changed from (£14.027 million) to (£15.194 million)

Cash or cash equivalents - Closing Balance changed from £55.690 million to £54.523 million

Cash and investments sub total now deleted removing Opening Balance of £96.422 million, Movements in Cash (£9.027 million) and Closing Balance £87.395 million.

Total cash and investments - Opening Balance changed from £123.127 million to £96.422 million

Total cash and investments - Movements in cash changed from (£4.027 million) to (£10.194 million)

Total cash and investments - Closing Balance changed from £119.100 million to £86.228 million

Total net debt - Movements in cash changed from (£9.027 million) to (£10.194 million)

Total net debt - Closing balance changed from (£175.516 million) to (£176.683 million)

Page 69 - Movement in reserves:-

Capital adjustment account - Net movement in year changed from £220.782 million to £224.975 million

Capital adjustment account - Balance as at 31st March, 2009 changed from (£309.456 million) to (£305.263 million)

Revaluation reserve - Net movement in year changed from (£136.305 million) to (£112.348 million)

Revaluation reserve - Balance as at 31st March, 2009 changed from (£137.785 million) to (£113.828 million)

Total net movement in year changed from (£60.536 million) to (£88.686 million)

Total balance as at 31st March, 2009 changed from (£246.262 million) to (£218.112 million)

Page 70:-

General fund - I&E (surplus)/deficit changed from £235.861 million to £240.054 million

General fund - Other (gains)/losses changed from (£207.193 million) to (£211.386 million)

Capital adjustment account - Other (gains)/losses changed from £193.712 million to £197.905 million

Capital adjustment account - Total movements changed from £220.782 million to £224.975 million

Revaluation reserve - (gain)/loss on revaluation changed from (£137.917 million) to (£113.960 million)

Revaluation reserve - Total movements changed from (£136.305 million) to (£112.348 million)

Total - I&E (surplus)/deficit changed from £235.861 million to £240.054 million

Total - (Gain)/loss on revaluation changed from (£139.055 million) to (£115.098 million)

Total - Total movements changed from £60.536 million to £88.686 million

Page 71 - Collection fund reserve:-

Page 81 changed to Page 82

Page 72 - Revaluation reserve:-

Upward valuations changed from (£137.049 million) to (£113.092 million)

Closing balance changed from (£137.785 million) to (£113.828 million)

Page 73 - Capital adjustment account:-

Impairments in year changed from £186.751 million to £190.944 million

Closing balance changed from (£309.456 million) to (£305.263 million)

Page 79 - (moves to page 80) - Events after the balance sheet date:-

Insert the following paragraph following on from the sentence ending “on a 125 year lease.”

An order dated 20th May, 2009 by the Charity Commission for England and Wales instructs the transfer of charity land in relation to the Cannock Chase and Pelsall District Miners Recreation Ground at Oak Park to Walsall Council. This is given under the powers within the Charities Act, 1993. The transfer must take place within 12 months of this order.

All pages numbers from the original page 79, including note 48 above have moved to 1 page later. i.e. page 79 is now page 80, 81 is 82 etc.

It was reported that pages 86 - 97 (now page 87 - 98) (Statement of accounting policies) had been approved at the meeting of Audit Committee held on 25th June, 2009.

Councillor Robertson asked if Members could ask further questions on the Statement of Accounts during the consultation period. He was advised that questions could be raised until the end of the consultation period.

Councillor Robertson appreciated the hard work carried out by officers in producing the Statement of Accounts.

Councillor Martin thanked officers for all their hard work in producing the report and James Walsh apologised for the number of changes which had had to be made to the original document.

Councillor Cassidy asked if Members of the public availed themselves of the opportunity to question the Statement of Accounts. Vicky Buckley replied that there were usually a few people who questioned the Statement of Accounts.

Resolved

That the Committee:-

- (1) Approves the pre-audit Statement of Accounts attached at Appendix 1 to the report now submitted, with replacement pages, in order that they may be placed on deposit for public inspection for 20 working days commencing on 23rd July, 2009;
- (2) Notes that the Statement of Accounts will be submitted for external audit on 30th June, 2009 following approval by this Committee.

Termination of meeting

There being no further business, the meeting terminated at 7.35 p.m.

Chairman:

Date: